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6 **IN THE UNITED STATES DISTRICT COURT**  
7 **FOR THE DISTRICT OF ARIZONA**

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9 George Handgis and Sharon Handgis,  
10 Plaintiffs,  
11 v.  
12 State Farm Mutual Automobile Insurance  
13 Company,  
14 Defendant.

No. CV-23-01971-PHX-KML

**ORDER**

15 Plaintiff George Handgis was a passenger in a pickup truck insured by defendant  
16 State Farm during a motor vehicle accident. Handgis made a claim with State Farm for  
17 injuries suffered in the crash and his wife, plaintiff Sharon Handgis, made a claim for loss  
18 of consortium. Years later, the parties arbitrated the claims and the Handgis were  
19 awarded \$750,000. After receiving that award, the Handgis filed this suit alleging State  
20 Farm acted in bad faith in handling their claims. State Farm moved for summary  
21 judgment in its favor and its motion is granted.

22 **I. Background**

23 Handgis was a passenger in a pickup truck rear-ended by an unidentified vehicle  
24 on November 2, 2016. (Doc. 80-1 at 4.) Handgis suffered injuries, including the  
25 exacerbation of a pre-existing traumatic brain injury from 2012. (Doc. 82-1 at 8.) The  
26 other driver stopped only briefly and then left the scene; because his identity was  
27 unknown, the injuries fell under State Farm's uninsured motor vehicle policy. (Doc. 80-1  
28 at 19.)

1       On December 5, 2016, State Farm spoke with Handgis about the accident.  
2 (Doc. 80-1 at 16–17; Doc. 80 at 2.) That day, State Farm sent Handgis a letter  
3 acknowledging the accident and his intent to pursue a claim. (Doc. 80-1 at 19.) This letter  
4 also advised Handgis that State Farm may request a sworn statement from him or an  
5 independent medical examination (IME) and would require written authorization to  
6 obtain all necessary medical bills to substantiate his claim. State Farm also told Handgis  
7 that any disputes over coverage or the damages amount would be resolved through  
8 arbitration. (Doc. 80-1 at 19.)

9           **A. Attempts to Receive Medical Documentation**

10          Over the following years, State Farm made repeated attempts to obtain Handgis's  
11 medical records to evaluate his claim. On April 12, 2017, Handgis's counsel sent State  
12 Farm a letter telling State Farm he represented Handgis and asking State Farm to "open a  
13 [uninsured motor vehicle] claim and a medical benefits claim for [] Handgis" related to  
14 the November 2, 2016 accident. (Doc. 80-1 at 22.) After no further contact from either  
15 party, State Farm asked Handgis's counsel to provide a status update on his claim in a  
16 letter dated September 12, 2017. (Doc. 80-1 at 24.) On December 2, 2017, State Farm  
17 again requested an update on Handgis's claim and asked for "all medical bills, records,  
18 and reports" supporting the claim once Handgis completed his medical treatment.  
19 (Doc. 80-1 at 26.) Over the next year, Handgis continued to receive treatment but did not  
20 provide State Farm with any medical documentation. (Doc. 80 at 3; Doc. 82-1 at 8-12.)

21          In March 2019, State Farm retained counsel to handle Handgis's uninsured motor  
22 vehicle claim. (Doc. 80-1 at 28.) State Farm's counsel informed Handgis's lawyer of his  
23 representation and again requested Handgis's medical records and bills. (Doc. 80-1  
24 at 28.) On July 17, 2019, after learning Handgis retained new counsel, State Farm sent  
25 that lawyer another letter again requesting all medical records and bills to evaluate  
26 Handgis's claims. (Doc. 80-1 at 30.)

27          On October 17, 2019, Handgis's counsel sent State Farm an uninsured motor  
28 vehicle settlement demand letter. (Doc. 80-1 at 32.) In that letter, counsel listed

1 approximately \$95,600 in medical bills with additional supplements to follow and  
2 demanded \$1,300,000 in uninsured motor vehicle limits. (Doc. 80-1 at 42–43.) Counsel  
3 did not provide any medical bills and records from before the accident, including those  
4 relating to the 2012 pre-existing traumatic brain injury. The letter noted if State Farm  
5 refused to pay the policy limits, Handgis demanded the matter go to arbitration. (Doc. 80-  
6 1 at 43.)

7 On November 7, 2019, State Farm’s counsel acknowledged the demand letter and  
8 again requested Handgis’s pre-accident medical records, noting State Farm was unable to  
9 fully evaluate his claim without them. (Doc. 80-1 at 46.) Counsel expressed State Farm’s  
10 need for an IME and, understanding Handgis lived out-of-state, asked if he would be in  
11 Arizona to schedule such an exam. (Doc. 80-1 at 46.) Counsel also asked if Handgis and  
12 Sharon Handgis would be in Arizona for an examination under oath. (Doc. 80-1 at 46.)  
13 Finally, counsel acknowledged Handgis’s arbitration demand but noted the arbitration  
14 provision generally is triggered when the parties cannot agree on an amount due.  
15 (Doc. 80-1 at 46.) That type of impasse had not been reached because State Farm did not  
16 have enough information to evaluate Handgis’s claim without his pre-2016 medical  
17 records. (Doc. 80-1 at 47, 55.)

18 After still receiving no response, State Farm’s counsel wrote to Handgis’s counsel  
19 again on January 18, 2020 reiterating its requests for Handgis’s medical records and  
20 availability for an IME and sworn statement. (Doc. 80-1 at 52.) State Farm also provided  
21 a copy of a biomechanical analysis in that correspondence. (Doc. 80-1 at 52.) Handgis’s  
22 counsel acknowledged receiving the biomechanical analysis and requested a copy of  
23 certain materials referenced in the report a month later. (Doc. 80-1 at 53.) Neither  
24 communication responded to State Farm’s request for additional records or medical  
25 authorizations. (Doc. 80-1 at 53.)

26 On April 29, 2020—over five months after State Farm requested Handgis’s pre-  
27 accident medical records—Handgis’s counsel provided a list of the treating providers for  
28 Handgis’s 2012 brain injury and asked that State Farm prepare and forward medical

1 authorizations for those providers so he could sign them. (Doc. 80-1 at 49.) A few days  
2 later, State Farm's counsel provided the requested medical authorizations for Handgis's  
3 signature. (Doc. 80-1 at 53.) But Handgis did not return the signed authorizations for four  
4 months.

5 On September 4, 2020, nearly a year after Handgis made his arbitration demand,  
6 State Farm finally received copies of the signed medical authorizations. (Doc. 80-1  
7 at 53.) On October 11, 2020, State Farm's counsel wrote to Handgis's counsel  
8 memorializing his attempts to obtain necessary medical records to evaluate Handgis's  
9 claim and Handgis's counsel's delayed responses. (Doc. 80-1 at 52-53.)

10 **B. Attempts to Obtain an IME**

11 By January 19, 2021, State Farm had received most records it requested and  
12 believed an IME was necessary due to Handgis's prior brain injury. (Doc. 82-1 at 25.) By  
13 then, Handgis lived in Hawaii and his counsel demanded the arbitration occur there.  
14 (Doc. 82-1 at 25.) Accordingly, State Farm retained an attorney in Hawaii to take over  
15 the matter, who indicated he would subpoena Handgis's local police and medical records  
16 and depose the Handgises. (Doc. 82-1 at 27.) He also noted he would consider an IME,  
17 physician depositions, and a "more focused and comprehensible biomechanical analysis"  
18 he expected to be completed by January 31, 2022. (Doc. 82-1 at 29.) He concluded it  
19 would be "near impossible" to predict the potential outcome of this case without an IME,  
20 reviewing Handgis's medical records, and deposing him; however, in considering the  
21 "suspicious low-speed accident in which both occupants allegedly (and coincidentally)  
22 sustained major injuries" and Handgis's pre-existing injuries, State Farm's counsel  
23 recommended defending rather than attempting to settle. (Doc. 82-1 at 29.)

24 Over the following months, State Farm attempted to schedule an IME but was  
25 unsuccessful due to Handgis's restrictions and unresponsiveness. Handgis's counsel  
26 never acknowledged State Farm's November 7, 2019, and January 18, 2020, inquiries  
27 into scheduling an Arizona IME. By May 2021, his counsel expressed willingness for  
28 Handgis to attend an IME but only on the Big Island of Hawaii, limiting the available

1 physicians. (Doc. 82-1 at 33.) As of September 18, 2021, Handgis's counsel had agreed  
2 to speak to Handgis about an IME but still would not commit to completing one.  
3 (Doc. 83-1 at 11.) There is no explanation in the record why Handgis's counsel engaged  
4 in such delaying behavior.

5 State Farm continued to research available physicians in Hawaii and identified  
6 two. (Doc. 83-1 at 13.) One of those physicians only traveled to Hilo—two hours away  
7 from Handgis's residence in Kona—and Handgis refused to travel. (Doc. 83-1 at 13.) By  
8 June 8, 2022, State Farm attempted to hire the other available physician, but he declined  
9 the assignment. (Doc. 83-1 at 15.) State Farm was never able to arrange an IME.

10 **C. Arbitration and Preparation**

11 As early as October 17, 2019, the Handgises demanded State Farm pay the policy  
12 limit or go to arbitration. (Doc. 80-1 at 32; Doc. 83-1 at 17.) By May 2022, the parties  
13 scheduled an arbitration for mid-December 2022 after months of disagreement over  
14 designating the arbitrator. (Doc. 82-1 at 35.) Because State Farm was unable to schedule  
15 an IME, it conducted an independent record review on October 19, 2022. (Doc. 80-1  
16 at 6.) State Farm later took Handgis's deposition on November 18, 2022 (Doc. 82-1  
17 at 37), but never took Sharon Handgis's deposition. State Farm also did not obtain a new  
18 biomechanical analysis to supplement the original report.

19 The week before the arbitration hearing, State Farm's counsel indicated the award  
20 was likely to be between \$100,000 and \$300,000. (Doc. 82-1 at 39.) State Farm did not  
21 extend an offer to the Handgises before the arbitration, in part because they "made a  
22 demand of \$1.3M," did "not come off this demand," and State Farm did not "see the  
23 value [of his claim to be] that high." (Doc. 82-1 at 41.) State Farm ultimately concluded  
24 "[s]ettlement seem[ed] highly unlikely" and arbitrated the claim in December 2022.  
25 (Doc. 82-1 at 41.) On January 17, 2023, Handgis was awarded \$650,000 for his injuries  
26 and Sharon Handgis was awarded \$100,000 for loss of consortium. (Doc. 80-1 at 58–59.)  
27 State Farm paid the Handgises on February 7, 2023.

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#### **D. Present Complaint**

The Handgises filed their complaint on August 18, 2023 alleging State Farm breached its duty of good faith by “put[ting its] own interests ahead of [its] insured’s” by failing to make an offer to settle, forcing them “to go through needless adversarial hoops and approximately three years of litigation”<sup>1</sup> before arbitrating the claim, failing to perform a reasonable investigation or evaluation, and “fail[ing] to consider George and Sharon [Handgis]’s interests equal to [its] own interests” causing “humiliation, inconvenience, and anxiety . . . before being forced to pay the benefits of the Policies.” (Doc. 1-3 at 5-7.)

The Handgises also requested punitive damages, which they now agree not to pursue. (Doc. 1-3 at 7; Doc. 82 at 13.) On April 14, 2025, State Farm moved for summary judgment in its favor. (Doc. 80.)

## II. Legal Standard

A court must grant summary judgment “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). The movant bears the burden of presenting the basis for the motion and identifying evidence it believes demonstrates the absence of a genuine issue of material fact. *Id.* at 323. A genuine dispute exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party,” and material facts are those “that might affect the outcome of the suit under the governing law.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

“The evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor.” *Id.* at 255. But a non-movant cannot rest on mere allegations or denials and must instead show there is “sufficient evidence supporting the claimed factual dispute . . . to require a jury or judge to resolve the parties’ differing

<sup>1</sup> The Handgises' reference to "three years of litigation" presumably describes the time between their second attorney's October 17, 2019 arbitration demand letter and the December 2022 arbitration. The Handgises were not actually litigating any claims pertaining to Handgis's 2016 injury during this period.

1 versions of the truth at trial.” *Id.* at 249 (quoting *First Nat. Bank of Ariz. v. Cities Serv.*  
 2 *Co.*, 391 U.S. 253, 289 (1968)). “Credibility determinations, the weighing of the  
 3 evidence, and the drawing of legitimate inferences from the facts are jury functions, not  
 4 those of a judge.” *Id.* at 255

5 **III. Bad Faith Claim**

6 An insurer commits the tort of bad faith when it “intentionally denies, fails to  
 7 process or pay a claim without a reasonable basis.” *Zilisch v. State Farm Mut. Auto. Ins.*  
 8 *Co.*, 995 P.2d 276, 279 (Ariz. 2000) (quoting *Noble v. National Am. Life Ins. Co.*, 624  
 9 P.2d 866, 868 (Ariz. 1981)). To show bad faith, the Handgises must demonstrate State  
 10 Farm “acted unreasonably and either knew or was conscious of the fact that its conduct  
 11 was unreasonable.” *Id.* at 280.

12 “[N]egligence alone is insufficient to impose liability on an insurer for the tort of  
 13 bad faith.” *Trus Joist Corp. v. Safeco Ins. Co. of Am.*, 735 P.2d 125, 134 (Ariz. Ct. App.  
 14 1986). The Handgises must show State Farm acted both objectively and subjectively  
 15 unreasonably. *Id.* The Handgises cannot show either.

16 **A. Objective Reasonableness**

17 The Handgises argue State Farm’s conduct was objectively unreasonable because  
 18 it failed to immediately conduct an adequate investigation and fully evaluate their claims.  
 19 (Doc. 82 at 7–9.) In attempting to show a material dispute of fact regarding the  
 20 reasonableness of State Farm’s conduct, the Handgises focus on State Farm’s failure to  
 21 conduct an IME, to take Handgis’s statement earlier, and to take Sharon Handgis’s  
 22 statement at all. (Doc. 82 at 7–9.) But State Farm’s conduct was not objectively  
 23 unreasonable because the Handgises’ own behavior and unexplained foot-dragging were  
 24 undisputably the driving force for the delays of which they now complain.<sup>2</sup>

25 Handgis repeatedly refused to commit to an IME or provide any flexibility as to its

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26  
 27 <sup>2</sup> The Handgises attempt to obscure some of their delay by arguing they “did not make a  
 28 claim on the Policy until October 17, 2019.” (Doc. 82 at 2.) It is undisputed Handgis’s  
 counsel sent a letter dated April 12, 2017, requesting State Farm “open a UM claim.”  
 (Doc. 80-1 at 22.) The statement that they “did not make a claim” until October 17, 2019,  
 is patently false.

1 location. State Farm asked Handgis for his availability for an IME as early as November  
 2 7, 2019 and again on January 18, 2020 after Handgis's counsel did not respond. (Doc. 80-  
 3 1 at 46, 52.) Handgis's counsel later expressed willingness for Handgis to attend an IME  
 4 in May 2021 but still would not commit to an IME as of September 18, 2021, nearly two  
 5 years after State Farm's initial request. (Doc. 82-1 at 33; Doc. 83-1 at 11.) And after  
 6 Handgis would only commit to attending an IME on the Big Island of Hawaii and State  
 7 Farm found an available doctor willing to fly to Hilo (on that island), Handgis refused to  
 8 drive the two hours from his home. (Doc. 83-1 at 13.)

9 It is unclear what more Handgis expected State Farm to do in this situation. It tried  
 10 for over two years—in the face of Handgis's unwillingness to commit—to coordinate an  
 11 IME to Handgis's specifications but an available and willing practitioner simply did not  
 12 exist. *See Knoell v. Metro. Life Ins. Co.*, 163 F. Supp. 2d 1072, 1076 (D. Ariz. 2001)  
 13 (“Plaintiff cannot refuse to cooperate in providing information and then argue that his  
 14 insurance company committed bad faith by refusing to pay benefits.”).

15 A State Farm claims adjuster assigned to the claim testified that in instances where  
 16 an IME is unavailable, State Farm may settle for a records review as it did here. (Doc. 82-  
 17 1 at 50, 52.) Handgis then faults State Farm for conducting the records review before he  
 18 was able to provide his sworn statement without giving the reviewing physician the  
 19 opportunity to speak to him. (Doc. 82 at 8.) But at no point do the Handgises argue a  
 20 records review typically (or must) include a discussion with the claimant and in fact, the  
 21 State Farm claims adjuster testified the “biggest difference” between a records review  
 22 and IME is an IME “puts the person in front of a physician.” (Doc. 82-1 at 53.)

23 The Handgises also argue State Farm's failure to obtain a statement under oath  
 24 from Sharon Handgis was objectively unreasonable. (Doc. 82 at 8.) Yet again, State Farm  
 25 told the Handgises' counsel it was interested in taking Sharon's statement on November  
 26 7, 2019, and reiterated that interest on January 18, 2020. (Doc. 80-1 at 46, 52.) And yet  
 27 again, State Farm did not receive a response from the Handgises' counsel. (Doc. 83 at 7.)  
 28 Separately, a State Farm claims adjuster testified she did not believe Sharon's statement

1 would have been “of great assistance” because the medical records “very well outlined”  
 2 Handgis’s “ongoing complaints.” (Doc. 82-1 at 54.) The law only requires an insurer act  
 3 reasonably under the circumstances, not obtain every conceivably helpful statement even  
 4 if duplicative of other existing information. *Harvey Prop. Mgmt. Co., Inc. v. Travelers*  
 5 *Indem. Co.*, No. 2:12-CV-01536-SLG, 2016 WL 8200625, at \*6 (D. Ariz. May 12, 2016)  
 6 (insurer not required to obtain duplicative assessment where no evidence it “could have  
 7 gained any extra information”).

8 The Handgises further argue State Farm should have obtained a new  
 9 biomechanical expert report because State Farm’s own lawyer described the initial  
 10 biomechanical report as “overly academic and unnecessarily complicated” and “almost  
 11 useless.” (Doc. 82 at 8.) But State Farm’s counsel’s criticisms of the biomechanical  
 12 expert report were concerned with its style rather than its substance. (Doc. 82 at 8.) The  
 13 undisputed facts remain that a biomechanical report generally is helpful in investigating a  
 14 claim like Handgis’s and such a report was prepared in this case. (Doc. 82-1 at 62–63,  
 15 68–69.) That State Farm may have preferred a clearer biomechanical expert report but  
 16 opted to forgo it when there was no reason to doubt the first report’s substance does not  
 17 render State Farm’s actions objectively unreasonable. *Voland v. Farmers Ins. Co. of*  
 18 *Arizona*, 943 P.2d 808, 814 (Ariz. Ct. App. 1997) (“Because the carriers had a reasonable  
 19 basis for their actions, they cannot be liable for bad faith.”).

20 Although Handgis argues another biomechanical expert report “would have been  
 21 helpful” in evaluating his claim, he does not explain what crucial information an  
 22 additional report would have produced. And again, an insurer is not required to do  
 23 everything that “would have been helpful” to evaluate a claim, only what a reasonable  
 24 insurer would be expected to do under the circumstances. *Trus Joist*, 735 P.2d at 134.

25 The Handgises also argue State Farm failed to reasonably evaluate their claims  
 26 because State Farm claims adjusters testified they relied on counsel’s claim evaluation,  
 27 which was “not noted in State Farm’s file until December of 2022.” (Doc. 82 at 9.) That  
 28 argument distorts the claims adjusters’ testimony. (See, e.g., Doc. 82-1 at 68–69 (claims

1 adjuster testified she relied on State Farm’s counsel’s assistance to seek an IME,  
2 biomechanical report, and sworn statements of the Handgises but did not “do any  
3 activities independent of defense counsel.”.) The Handgises do not identify any law or  
4 facts supporting their assumption that State Farm’s claim adjusters are not permitted to  
5 work with the attorney that State Farm hired specifically to assist with the adjudication of  
6 this claim.

7 Finally, the Handgises argue State Farm took “nearly two years” after it received  
8 most of Handgis’s prior medical records to evaluate the claim. (Doc. 82 at 9.) This again  
9 distorts the facts. Even taking Handgis’s counsel’s settlement demand letter of  
10 October 17, 2019 as the start date for processing the claim, State Farm—within a  
11 month—requested Handgis’s medical records and availability for an IME so that it could  
12 begin its evaluation. (Doc. 80-1 at 46.) After receiving no response, State Farm reiterated  
13 its request on January 18, 2020. (Doc. 80-1 at 52.) After months of additional delays  
14 attributable to the Handgises, State Farm finally received signed medical authorizations  
15 on January 19, 2021, more than a year after its initial request. (Doc. 80-1 at 53; Doc. 82-1  
16 at 25.)

17 After that point, the Handgises argue State Farm evaluated their claims too slowly  
18 because State Farm’s counsel did not relay his final evaluation of their claims until  
19 December 2022. (Doc. 82 at 10.) But Handgis’s counsel was still waffling on whether  
20 Handgis would commit to an IME as of September 18, 2021 (Doc. 83-1 at 11) and set  
21 geographical requirements for the exam that were challenging (if not impossible) to meet.  
22 (Doc. 82-1 at 33.) What the Handgises fail to acknowledge, again, is how their own  
23 delays contributed to State Farm’s speed. After receiving the records in January 2021,  
24 State Farm concluded an IME was warranted and took steps to schedule the exam.  
25 (Doc. 82-1 at 25.) After months of searching and negotiations, it only became clear in  
26 June 2022 that no physician within Handgis’s specifications was available. (Doc. 83-1  
27 at 15.) State Farm then sought a records review as the next-best option for evaluating the  
28 Handgises’ claims, the results of which it did not receive until October 19, 2022.

1 (Doc. 80-1 at 6; Doc. 82-1 at 50, 52.) Handgis was deposed on November 18, 2022.  
 2 (Doc. 82-1 at 37.) It was only then that State Farm had gathered all necessary information  
 3 to evaluate the claim and its lawyer came to his conclusion about the value of the claims  
 4 the following month. This is a far cry from the ten months the Arizona Supreme Court  
 5 held unreasonable in *Zilisch*, the case on which the Handgises almost exclusively rely.  
 6 See *Zilisch*, 995 P.2d at 280 (finding insurer was unreasonable where it delayed  
 7 processing claim by ten months by insisting on reviewing report that did not exist and  
 8 after degree of injury was undisputed); *see also Montoya Lopez v. Allstate Ins. Co.*, 282  
 9 F. Supp. 2d 1095, 1101 (D. Ariz. 2003) (insurer did not evaluate claim unreasonably  
 10 when claimant caused delay of approximately one month).

### 11                   **B. Subjective Reasonableness**

12                   The Handgises also cannot show State Farm knew or was conscious of the fact  
 13 that its conduct was unreasonable. *Zilisch*, 995 P.2d at 280. As best as the court can  
 14 understand, the Handgises argue State Farm acted subjectively unreasonably for largely  
 15 the same reasons it acted objectively unreasonably. (Doc. 82 at 10.) For the same reasons  
 16 discussed above, these actions do not create a question of fact regarding State Farm’s  
 17 subjective reasonableness.

18                   State Farm also did not knowingly or consciously act unreasonably by failing to  
 19 make a settlement offer. For years, counsel for the Handgises repeatedly told State Farm  
 20 they would not accept less than the policy limits, *i.e.* \$1,300,000. (Doc. 80-1 at 42–43;  
 21 Doc. 83-1 at 17.) If State Farm did not comply, the Handgises demanded arbitration.  
 22 (Doc. 80-1 at 42–43; Doc. 83-1 at 17.) State Farm owes the Handgises a “duty to treat  
 23 settlement proposals with equal consideration to its interests and those of an insured.”  
 24 *Safeway Ins. Co. v. Guerrero*, 106 P.3d 1020, 1024 (Ariz. Sup. Ct. 2005) (quotations  
 25 omitted). But after receiving Handgis’s previous medical records and deposing Handgis,  
 26 State Farm simply did not believe an arbitrator would value the claim at the policy limit  
 27 (Doc. 82-1 at 27, 41). *See Montoya Lopez*, 282 F.Supp.2d at 1103 (insurer did not act in  
 28 bad faith by going to arbitrator where insured “demanded arbitration”). That belief

1 proved correct when the arbitrator in fact *did* value the claim below the policy limit.

2 Finally, the Handgises argue State Farm knowingly or consciously acted  
 3 unreasonably because its counsel “indicated the likely arbitration award could be as much  
 4 as \$300,000.00” but “chose not to offer any compensation” because it concluded  
 5 settlement was “highly unlikely.” (Doc. 82 at 11.) Legally, even if a portion of the  
 6 Handgises’ settlement demand were undisputed, State Farm was not obligated to pay it  
 7 prior to arbitration. *See Voland*, 943 P.2d at 811, 814. And factually, the Handgises again  
 8 distort the record. State Farm’s counsel advised the arbitration award could be as much as  
 9 \$300,000, but recommended defending from the outset of the case. (Doc. 82-1 at 29.)  
 10 State Farm expressed an openness to “any potential reduction in [settlement] demand,”  
 11 but the Handgises never hinted they were interested in doing so. (Doc. 82-1 at 41.) State  
 12 Farm accepted the conclusions of its counsel and ultimately resolved the claims through  
 13 arbitration for approximately half of the Handgises’ demand. (Doc. 80-1 at 59.) No  
 14 reasonable juror could find State Farm acted knowingly or consciously that its conduct  
 15 was unreasonable because its conduct was not unreasonable and was vindicated by the  
 16 arbitrator’s award, which it promptly paid.

17 The Handgises cannot show State Farm acted objectively or subjectively  
 18 unreasonably in its handling of their claim. Therefore, State Farm’s motion for summary  
 19 judgment is granted.

20 Accordingly,

21 **IT IS ORDERED** State Farm’s Motion for Summary Judgment (Doc. 80) is  
 22 **GRANTED**. The Clerk of Court is directed to enter judgment in favor of State Farm and  
 23 close this case.

24 Dated this 29th day of July, 2025.

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 28 **Honorable Krissa M. Lanham**  
**United States District Judge**